

FORM NO. 241 REPLACES FORM 36-8 (67)
1 FEB 58 WHICH MAY BE USED.

SECRET
The Director of Central Intelligence
Washington, D.C. 20505

DCI CHRONO
17 Apr 84

National Intelligence Council

NIC #02345-84
16 April 1984

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM:

[REDACTED]

National Intelligence Officer for Economics

25X1

SUBJECT: NSC Stockpile Study

1. I recommend that you sign the attached pro forma memorandum to McFarlane, giving your concurrence on the planning assumptions of the stockpile study prior to their consideration by the President.

2. The working group reports of the NSC stockpile study are an improvement over the previous methodology used by the Federal Emergency Management Agency (FEMA) in 1976 and updated in 1979. At the same time, serious flaws remain:

- Few think the war scenario used (a three-year conventional war in Europe, the Middle East and Korea) is realistic, but in broad terms it is mandated by Congress.
- The wartime economic simulations were done [REDACTED] econometric model, which uses peacetime data and parameters.
- Military programs are costed in terms of broad categories only; direct and indirect import requirements are inputted using the Wharton model.
- There are data only on direct purchases by DoD; purchases by defense contractors cannot be traced.

25X1

On the whole, the current study probably makes the best of a bad situation, which will not improve until better data can be collected on which to base serious mobilization planning.

SECRET

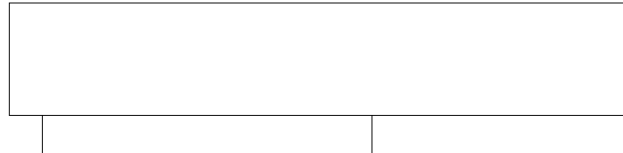


SECRET

3. The Intelligence Community's main contribution to the study was an assessment of the reliability of foreign suppliers in wartime. I chaired an interagency working group, which included DIA, State, CIA, OMB and FEMA, with DIA making the largest input.

4. You may wish at least informally (for example, at your regular weekly meeting with McFarlane) to raise your concerns about the broader issue of US dependence on foreign sources, not only for minerals, but also for key manufactures and technology. We may find that processing capacity in key manufacturing industries will be potentially a more difficult problem than minerals for future defense production planning.

5. I am told that the final stockpile recommendations are to be discussed at a Cabinet meeting in about two weeks.



25X1

25X1

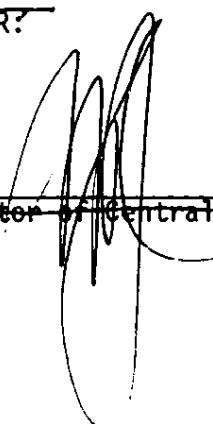
Attachments:

NSC Memo dtd 11 April 84

NIO Econ Memo dtd 11 Jan 84

Memo for DCI signature

~~CONCUR?~~


~~Director of Central Intelligence~~

17 Apr 84
Date

SECRET

SECRET

NIC #02345-84
16 April 1984

SUBJECT: NSC Stockpile Study

DCI/NIC/NIO/Econ:M.Ernst:bha(16 Apr 84)

Dist:

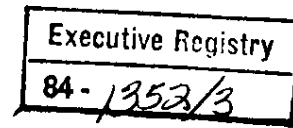
Orig - DCI
1 - DDCI
1 - ExDir
1 - DCI/SA/IA
1 - ER
1 - DDI Reg
1 - C/NIC
1 - VC/NIC (HM)
2 - NIO/Econ

SECRET

Central Intelligence Agency



Washington, D. C. 20505



17 APR 1984

MEMORANDUM FOR: Assistant to the President for
National Security Affairs

SUBJECT: National Security Council Stockpile Study--
Working Group Reports

My staff has reviewed and concurs in the general approach and planning assumptions to be used for establishing national defense stockpile goals and industrial preparedness planning.

/s/ William J. Casey

William J. Casey
Director of Central Intelligence

SECRET

